

BEFORE THE TENNESSEE STATE BOARD OF EQUALIZATION

IN RE: Flowserve FCD Corp.)
 Dist. 1, Map 65, Control Map 65, Parcel 64.01) Putnam County
 Commercial and Industrial Property)
 Tax Year 2007)

INITIAL DECISION AND ORDER

Statement of the Case

The subject property is presently valued at \$27.62 per square foot as follows:

<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
\$462,000	\$4,831,800	\$5,293,800	\$2,117,520

An appeal has been filed on behalf of the property owner with the State Board of Equalization. The undersigned administrative judge conducted a hearing in this matter on December 17, 2007 in Cookeville Tennessee. In attendance at the hearing were registered agent Will Brown, CCIM, Putnam County Property Assessor's representatives Wayne Gaw and Ellen Thurman, and James R. Young, Jr., an appraiser with the Division of Property Assessments.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Subject property consists of a 33 acre tract improved with a 191,666 square foot manufacturing facility located at 1978 Foreman Drive in Cookeville, Tennessee.¹

The taxpayer contended that subject property should be valued at \$16-\$20 per square foot or approximately \$3,000,000-\$3,800,000. In support of this position, four comparable sales were introduced into evidence.² Utilizing a variation of what is commonly referred to as relative comparison analysis, Mr. Brown concluded that the comparables support a value for the subject of \$16-\$20 per square foot. Mr. Brown's analysis included a grid showing whether the comparables' characteristics are inferior, superior, or similar to those of the subject.

The assessor contended that subject property should remain valued at \$5,293,800. In support of this position, the testimony and written analysis of Mr. Young was offered into evidence. Essentially, Mr. Young summarized five comparable sales which sold for amounts bracketing the current per square foot appraisal of the subject property. Mr. Young placed greatest weight on sale #3 which sold for \$27.95 per square foot.

The basis of valuation as stated in Tennessee Code Annotated Section 67-5-601(a) is that "[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic

¹ The administrative judge has utilized the square footage shown on the property record card. The administrative judge finds the 189,890 square foot assumed by the taxpayer's representative differs from the official records by an insignificant one-percent (1%).

² The taxpayer's analysis actually included a fifth comparable sale, but Mr. Brown ultimately discarded it after determining that Carroll County had not qualified the sale.

and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values . . ."

After having reviewed all the evidence in the case, the administrative judge finds that the subject property should be valued at \$23 per square foot or \$4,408,300 based upon the collective relevant proof.

The administrative judge finds that Mr. Brown's comparables should initially receive greatest weight because he attempted to adjust his comparables whereas Mr. Young did not. The administrative judge finds that Mr. Young's comparables would have supported a significantly lower value had they been adjusted. Moreover, the administrative judge finds that sale #1 occurred after the relevant assessment date of January 1, 2007 and is therefore irrelevant. See *Acme Boot Company and Ashland City Industrial Corporation* (Cheatham County - Tax Year 1989) wherein the Assessment Appeals Commission ruled that "[e]vents occurring after [the assessment] date are not relevant unless offered for the limited purpose of showing that assumptions reasonably made on or before the assessment date have been borne out by subsequent events." Final Decision and Order at 3.

Although the administrative judge finds that Mr. Brown's analysis should initially receive greater weight, the administrative judge finds that his concluded value range appears somewhat conservative for three reasons. First, adjustments derived with quantitative techniques would seemingly have been more precise and resulted in higher indications of value. Second, the administrative judge finds that if Mr. Young's sales had been adjusted, they almost certainly would have supported value indications well over \$20 per square foot. Third, the administrative judge finds that Mr. Brown's comparable sale #1 (1685 Spicer Drive in Gordonsville) must be assumed to contain 120,694 square feet rather than 134,450 square feet.³ This results in an indicated sale price of \$25.04 per square foot rather than \$22.48 per square foot assumed by Mr. Brown.

Based upon the foregoing, the administrative judge finds that the preponderance of the evidence supports adoption of a value of \$23 per square foot or \$4,408,300 after rounding.

ORDER

It is therefore ORDERED that the following value and assessment be adopted for tax year 2007:

<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
\$462,000	\$3,946,300	\$4,408,300	\$1,763,320

³ Mr. Young also utilized this sale in his analysis. The property record card included in Mr. Young's exhibit shows a total of 120,694 square feet based upon the dimensions summarized on the card. Mr. Brown assumed 134,450 square feet based upon a summary of the sale prepared by Hart Corp. Unfortunately, the summary does not explain the basis for the stated square footage. Absent such information, the administrative judge finds that Smith County's official records should receive greatest weight.

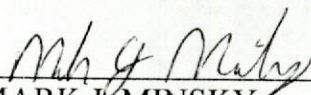
It is FURTHER ORDERED that any applicable hearing costs be assessed pursuant to Tenn. Code Ann. § 67-5-1501(d) and State Board of Equalization Rule 0600-1-.17.

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal **“must be filed within thirty (30) days from the date the initial decision is sent.”** Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal **“identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order”**; or
2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review; or
3. A party may petition for a stay of effectiveness of this decision and order pursuant to Tenn. Code Ann. § 4-5-316 within seven (7) days of the entry of the order.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 19th day of December, 2007.



MARK J. MINSKY
ADMINISTRATIVE JUDGE
TENNESSEE DEPARTMENT OF STATE
ADMINISTRATIVE PROCEDURES DIVISION

c: Mr. Will Brown
Rhonda Chaffin, Assessor of Property